

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 252236

15

ORIGIN OPIC-06

INFO OCT-01 AF-06 ISO-00 EB-07 COME-00 TRSE-00 /020 R

DRAFTED BY OPIC/F BMHENDERSON

APPROVED BY EB/IFD/ OIA:RJSMITH

AF/W:EWLOLLIS

EB/IFD/OIA:DHSTEBBING

----- 107569

R 231706Z OCT 75

FM SECSTATE WASHDC

TO AMEMBASSY LAGOS

LIMITED OFFICIAL USE STATE 252236

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: OPIC INVESTMENT PROMOTION

ATTENTION REDMOND

1. SUMMARY: AS A RESULT OF UNFAVORABLE BANK INFORMATION ABOUT NIGERIAN BUSINESSMAN ONOKPASAH OBTAINED BY PARNELL WHILE IN NIGERIA AND SUBSEQUENT NEGATIVE INFORMATION OBTAINED INDEPENDENTLY BY POTENTIAL U.S. JOINT VENTURE PARTNER WHEATLAND TUBE MILL, NEITHER WHEATLAND NOR OPIC INTERESTED IN PURSUING TUBE MILL JOINT VENTURE WITH ONOKPASAH. NIGERIAN DEVELOPMENT BANKS TOLD OPIC THEY WOULD PROVIDE CONFIRMATION OF EXPLANATION OF CREDIT REPORTS ON ONOKPASAH; THESE NOT RECEIVED TO DATE. BOTH OPIC AND WHEATLAND VERY DISAPPOINTED IN FAILURE OF NIGERIAN PARTNER, WHO OTHERWISE APPEARED SERIOUS, COMPETENT AND WELL-INFORMED ABOUT THE PROJECT, TO MEET BASIC CREDITWORTHINESS CRITERIA. EVEN IF UNPAID OVERDRAFT AND FALSIFIED COMPANY DATA CAN BE EXPLAINED BY EAGERNESS OF ONOKPASAH TO BEGIN PROJECT PREPARATIONS AND BY LACK OF UNDERSTANDING OF U.S. APPROACH TO BUSINESS, THEY INDICATE ENORMOUS DIFFICULTIES A U.S. INVESTOR WILL HAVE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 252236

COMMUNICATING AND WORKING EFFECTIVELY WITH SUCHANIGERIAN

PARTNER, EVEN IF HIGHLY EDUCATED AND TECHNICALLY TRAINED.
REQUEST EMBASSY ASSISTANCE IN COMPLETING OPIC FILES ON

ONOKPASAH, SO THAT OPIC CAN INFORM HIM FORMALLY ON BEHALF
OPIC AND WHEATLAND OF LACK FURTHER PURSUIT OF PROJECT.

2. THE FACTS; UPON RETURN OF BATCHELDER/PARNELL FROM
NIGERIA OPIC INFORMED WHEATLAND OF DISCREPANCIES IN CHIEF
ONOKPASAH'S FINANCIAL HISTORY. WHEATLAND AGREED TO AWAIT
REPORT BY DEVELOPMENT BANKS NBCI AND NIDB BEFORE SHELIVING
PROJECT. IT ALSO WITHHELD SHIPMENT OF PIPE READIED FOR
EXPORT TO ONOKPASAH UNTIL MATTER CLEARED. IN MEANTIME
WHEATLAND INITIATED CREDIT CHECKS OF THEIR OWN. CREDIT
REPORT RECEIVED OCTOBER 16 INDICATES INTERCITY PIPE COMPANY
OPERATING SINCE 1972 WITH EQUITY HELD BY NIDB, NBCI, OPIC
AND WHEATLAND. CLAIMS ANNUAL SALES OF FIVE HUNDRED
THOUSAND DOLLARS AND TOTAL ASSETS OF EIGHT HUNDRED THOUSAND
DOLLARS. FRAUDULENT REPORT FINAL BLOW TO WHEATLAND'S
INTEREST IN A JOINT VENTURE WITH ONOKPASAH.

3. REQUEST EMBASSY CONTACT ALIKAH AT NIDB AND BRUME AT
NBCI AND ASK WHETHER THEY HAVE FURTHER DATA ON CHIEF
ONOKPASAH RELATIONS WITH BANKS. OPIC WILL THEN ADVISE
THEM BY LETTER OF THE TERMINATION OF OPIC AND WHEATLAND'S
CONSIDERATION OF INTERCITY VERSION OF TUBE MILL PROJECT.
OPIC AWARE THAT THIS WILL HAVE TO BE HANDLED DELICATELY SO
AS NOT TO OFFEND DEVELOPMENT BANKS WHO ORIGINALLY RECOM-
MENDED ONOKPASAH, HAVE BEEN VERY HELPFUL TO OPIC AND WITH
WHOM OPIC DESIRES A GOOD CONTINUED WORKING RELATIONSHIP.

4. HAVING DONE CONSIDERABLE WORK EVALUATING FEASIBILITY
OF A PIPE PROJECT WITH ONOKPASAH, WHEATLAND IS STILL
INTERESTED IN PROCEEDING WITH A PROJECT IN NIGERIA.
THEREFORE OPIC WILL ARRANGE FOR CHIEF ASHAMU WHO ALSO HAS
GON LICENSE FOR PIPE PROJECT TO MEET WITH WHEATLAND AND
REPUBLIC STEEL DURING PROPOSED VISIT TO U.S. WEEK OF
OCTOBER 27.

5. OPIC IS ALSO PURSUING DEVELOPMENT OF OGUNDERO'S TROUSER
MANUFACTURING PROJECT WITH VARIOUS U.S. FIRMS. OPIC NEEDS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 252236

CONFIRMATION THAT PROJECT WOULD BE IN SCHEDULE 2 RATHER
THAN L OF 1972 NEPD THEREBY PERMITTING FOREIGN OWNERSHIP.
BOTH DEVELOPMENT BANKS FELT THIS WOULD BE THE CASE, BUT
OPIC NEEDS DEFINITIVE WORD BEFORE U.S. COMPANIES GET TOO
DEEPLY INVOLVED.

6. OPIC WISHES TO EMPHASIZE THAT THE DISCOURAGING RESULTS
IN INVESTMENT PROMOTION IN NIGERIA THUS FAR DO NOT LESSEN

OPIC'S INTENTION TO SUCCESSFULLY ENCOURAGE U.S. INVESTORS TO JOINT VENTURE WITH A SELECTED NIGERIAN PARTNER IN VIABLE BUSINESSES. SUCH JOINT VENTURES WILL BENEFIT NOT ONLY THE U.S. AND NIGERIAN PARTNERS, BUT WILL TRANSFER U.S. TECHNOLOGY, MANAGEMENT SKILLS AND RISK CAPITAL TO A COUNTRY WITH A PER CAPITA INCOME OF LESS THAN TWO HUNDRED DOLLARS. OPIC'S EXPERIENCE TO DATE MERELY INDICATES THE DIFFICULTIES OF ACHIEVING SUCCESS IN PROJECT DEVELOPMENT IN AFRICA AND THE NEED TO LEARN FROM MISTAKES AND IMPROVE OUR METHODS AS WE PROCEED. THE EMBASSY HAS BEEN EXTREMELY HELPFUL IN THIS EFFORT; OPIC APPRECIATE THE EMBASSY'S COOPERATION AND VERY CONSTRUCTIVE APPROACH.

7. WOULD ALSO APPRECIATE EMBASSY EFFORT TO OBTAIN INFORMATION REGARDING CONCRETE PRODUCTS OF NIGERIA LTD. PMB 1188 IKEJA ADEYEMI DUROJAIYE MANAGING DIRECTOR, TELEPHONE 31843. INGERSOLL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BUSINESSMEN, DEVELOPMENT PROGRAMS, JOINT VENTURES, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 OCT 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE252236
Document Source: CORE
Document Unique ID: 00
Drafter: F BMHENDERSON
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750369-1008
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751027/aaaaaygs.tel
Line Count: 132
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN OPIC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 27 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 AUG 2003 by ShawDG>; APPROVED <17 DEC 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OPIC INVESTMENT PROMOTION ATTENTION REDMOND
TAGS: EFIN, NI, OPIC, WHEATLAND TUBE MILL, (ONOKPASH)
To: LAGOS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006